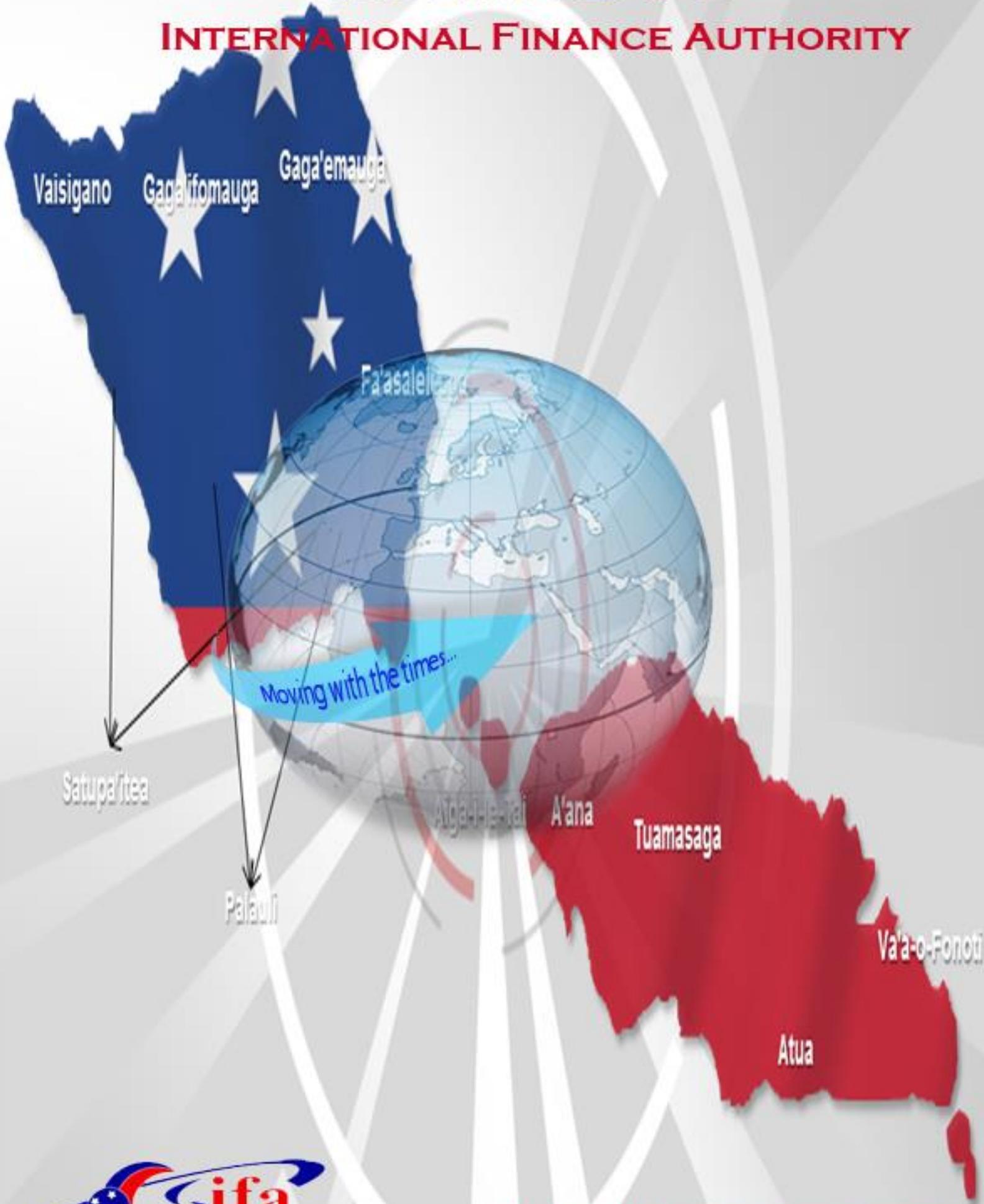


SAMOA

INTERNATIONAL FINANCE AUTHORITY



Please address all correspondence to:
The Minister of Finance
Private Bag
Apia, Samoa



Email: sili.tuioti@cbs.gov.ws;
sili.tuioti@mof.gov.ws;
Telephone: (685) 34-333/34385
Facsimile: (685) 21-312/20293

Government of Samoa
OFFICE OF THE MINISTER OF FINANCE

18 October 2016

The Honourable Speaker
Legislative Assembly of Samoa

Pursuant to section 20(5) of the *Samoa International Finance Authority Act 2005*, I have the honour to submit the report of the Samoa International Finance Authority on its operations for the twelve months that ended on the 30th June 2015, together with the audited accounts for that period and the report of the Auditor on those accounts.

A handwritten signature in black ink, appearing to be 'Sili Salā Epa Tuioti', on a light green background.

Hon. Sili Salā Epa Tuioti
MINISTER OF FINANCE



Samoa International Finance Authority

Please address correspondence to
THE CHIEF EXECUTIVE OFFICER

21 December 2015

Hon. Tuilaepa Aiono Lufesoliai Fatialofa Dr. Sailele Malielegaoi
Minister of Finance
Ministry of Finance
APIA

Dear Honourable Minister

I have the honour of submitting the Annual Report of the Samoa International Finance Authority as required by the *Samoa International Finance Authority Act 2005* for the financial year 1 July 2014 to 30 June 2015.

The report comprises:

- (a) a report on the Authority's operations during the twelve (12) months ending on 30 June 2015; and
- (b) the Authority's audited accounts for the twelve (12) months ending June 2015 together with the auditor's report.

Yours faithfully

Alosamoa Erna Va'ai-Aiono
CHIEF EXECUTIVE OFFICER

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Chairperson's Statement



As Chairperson of the Board of Directors of the Samoa International Finance Authority(SIFA), I am pleased to present the Annual Report for the Authority for the financial year 2014/2015.

In the conduct of its normal business for the past 12 months, SIFA continued to pursue a policy of excellence in the regulation and supervision of the entities within its jurisdiction.

It achieved this by working closely with its private sector clients and through the continued training of its management and senior staff at overseas forums and peer review groups.

This kept the staff abreast of the ever changing world of international finance and wealth management.

SIFA was also generous in its sponsorship and promotional grants to local sporting bodies (rugby, netball, etc.) and several community projects aimed at assisting youth.

The net result of its operations for the year in review is a profit of \$18 million, an increase of \$1 million from the previous year. I congratulate the Chief Executive Officer, Management and Staff for the hard work.

Despite the stringent international standards for offshore financial centres, constant changes in tax reporting regulations, pressure from standard setters and competition from renowned offshore markets, SIFA was able to operate successfully due mainly to the support from Government and the diligent and dedicated work of its Directors, Management and staff.

I record my congratulations to the Board of Directors,
Management and Staff of SIFA for a job well done.



Tuatāgaloa Alfred Schwalger

CHAIRPERSON SIFA BOARD OF DIRECTORS

Chief Executive Officer's Statement



The 2014/2015 financial year, amid many challenges the Samoa International Finance Authority (SIFA) continued to make inroads in relation to its statutory functions plus the usual day to day service of the financial community and the people of Samoa.

SIFA's major sponsorship continued for the Samoa Rugby Union – Manu Samoa 7s and the Manu Samoa U20s team for the Junior World Cup, the Samoa Netball Association Pacific Series.

On the legislative front, the SIFA Distance Learning Course on international estate planning and structuring was launched in February 2015, to build the knowledge and capacity of local professionals on how to fully utilise new and existing legislative-based solutions.

Promotional efforts took SIFA to China, Hong Kong, Taiwan, Singapore and Switzerland.

The crossborder nature of SIFA's business necessitates training on international standards of best practice in supervisory issues to continue. With a desire to ensure a high level of skills and knowledge being retained in the Office in such a dynamic area, workshops and training particularly on ever changing international standards remains in the fore of Management Training.

As such, senior Managers and staff have attended meetings and workshops conducted by the OECD, the Global Forum on Transparency and Exchange of Information for Tax Purposes, the International Monetary Fund (IMF) and the Corporate Registers Forum (CRF) besides peer regulatory annual meetings of the Group of International Finance Centre Supervisors (GIFCS), Group of International Insurance Centre Supervisors (GIICS) and the Asia Pacific Group (APG).

The slow recovery worldwide from the economic recession did not mean SIFA did not perform well; shown in its net profit of 18 million for this financial year.

We therefore continue to give God the glory for all the blessings and success SIFA has experienced over these past twelve (12) months, and we thank and honour Him and ask that His face continue to shine upon us.

Soifua ma ia manuia,

A handwritten signature in black ink, appearing to be 'A. Erna', written in a cursive style.

Alosamoa Erna Va'ai-Aiono
CHIEF EXECUTIVE OFFICER

1. Management and functions of the Samoa International Finance Authority

The Authority is managed by a Chief Executive Officer (CEO) appointed by Cabinet on the advice of the Minister. The Authority assumes responsibilities of a one stop regulatory shop which is in accordance with accepted international standards for banking, insurance and corporate service provider regulation.

SIFA is administered by a Board of Directors consisting of four Government officials (i.e. the Governor of the Central Bank, the Attorney General, the Chief Executive Officer of Ministry of Finance, The Chief Executive Officer of SIFA) and up to three directors from the private sector. The latter must have financial services background with relevant knowledge, experience and expertise to aid the Authority in its performance. The Board must meet at least once every two (2) months. The Board members have a statutory obligation to declare any direct personal or pecuniary interest in any matter on each and every occasion the matter is discussed, and as soon as the member has knowledge of the relevant facts.

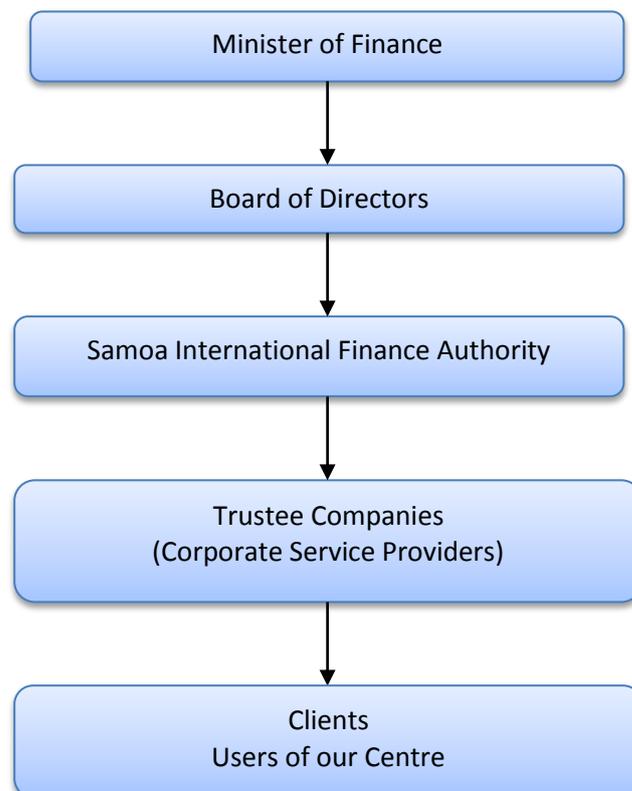
The functions referred to below broadly represent the varying functions performed on a daily basis and the diverse nature of operations of the Authority. On the one hand the Authority performs a regulatory and supervisory function where the ultimate objective is to protect and uphold the reputation and integrity of our Centre whilst on the other hand promote the financial facilities and explore ways to enhance the attraction of Samoa as an international finance centre.

Functions of SIFA pursuant to section 4 of the *Samoa International Finance Authority Act 2005* are:

- ⇒ To monitor and supervise the conduct of international financial services provided within Samoa;
- ⇒ To protect and maintain the good repute of Samoa as a centre for international financial services;
- ⇒ To ensure coordination and cooperation between the public sector agencies, private corporations and non-governmental organizations concerned in any way with international financial services;
- ⇒ To promote Samoa as a centre for international financial services;

- ⇒ To make recommendations for the introduction, amendment or replacement of legislation pertaining to international financial services, companies and other forms of business structures;
- ⇒ To carry out research and to commission studies on the international business sector and related services;
- ⇒ To be responsible for the general administration of international financial services legislation and for the collection of all fees, charges and other revenue due thereunder;
- ⇒ To advise and make recommendations to the Government generally on any matter relating to international financial services; and
- ⇒ Such other functions in relation to international financial services as may by Order be made by the Head of State.

The following represents the current structure of Samoa International Finance Authority:



2. Structure of the Samoa International Finance Authority

2.1 Board of Directors



CHAIRPERSON
Tuatagaloa Alfred Schwalger



ATTORNEY GENERAL
Aumua Ming Leung Wai



CEO – SIFA
Alosamoa Erna Va'ai-Aiono



GOVERNOR - Central Bank of Samoa
Maiava Atalina Ainuu-Enari



CEO – MINISTRY OF FINANCE
Tupa'imatuna Iulai Lavea



PRIVATE SECTOR
Leafa Donald Kerslake



PRIVATE SECTOR
Unasa Iulia Petelo



PRIVATE SECTOR
Reverend Misiafa Tyrell

2.2 Management

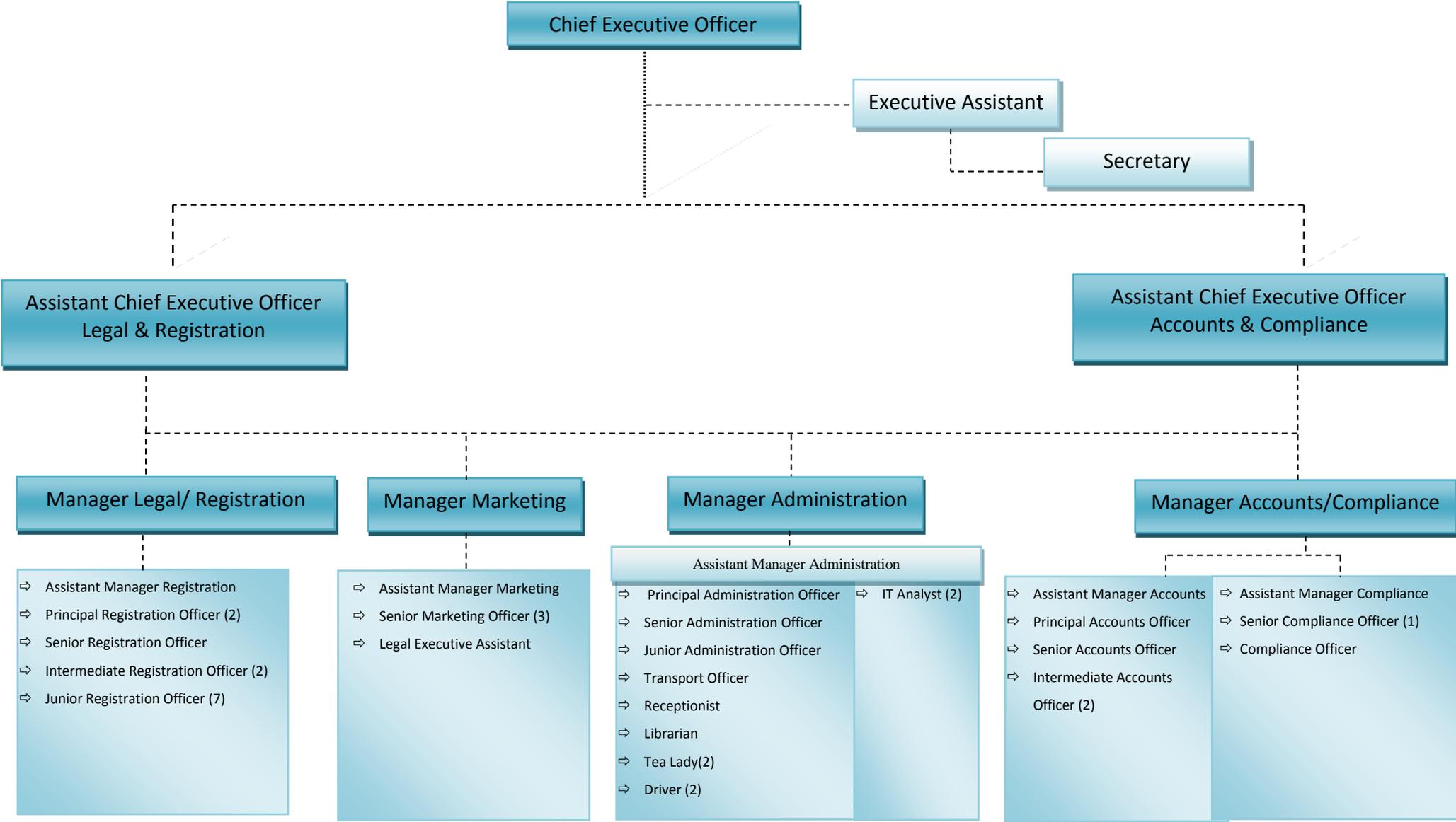


Standing (L-R): Cheshire Malua – ACEO Accounts/Compliance, Kolisi Simamao – Asst. Manager Accounts/Compliance, Kalala Mataia – Asst. Manager Registration, Koroseta Lesatele – Asst. Manager Administration

Sitting (L-R): Agnes Kerlake – Manager Marketing, Moana Ah Poe- Manager Administration, Alosamoa Erna Va’ai-Aiono – CEO, Sieni Voorwinden – ACEO Registration/Legal, Ala Meleisea – Manager Accounts/Compliance

Absent: Tootoooleaava Dr. Fanaafi Aiono-Le Tagaloa – Manager Registration/Legal; Ngaire Ioane-Ah Ching – Asst. Manager Accounts; Ramona Rimoni-Jahnke – Asst. Manager Registration.

2.3 Organisational Structure



2.4 Staff Members



3. Governing Legislation of SIFA

The Samoa International Finance Authority (SIFA) was established by the *Samoa International Finance Authority Act 2005* (SIFA Act) and administers the following legislation. In its quest to comply with international standards and keeping abreast of developments in the offshore world, the Authority and relevant local bodies regularly review its laws with a view to further diversify its product base and broaden the range of corporate vehicles already available.

3.1 International Companies Act 1988

The Act provides for the incorporation and registration of international and foreign companies. Incorporation is a relatively simple and only exceptionally will take more than one day. Application is made to the Registrar of International and Foreign Companies through a licensed trustee company, accompanied by the company's Memorandum and Articles of Association, the incorporation fee which is fixed, and notice of registered office. A Schedule of Standard forms of Memorandum and Articles of Association which can be adopted with or without variation is provided in the Act.

3.2 Trustee Companies Act 1988

This Act provides for a company incorporated as a domestic company to be licensed to conduct trustee company business for non-residents of Samoa (offshore clients). Trustee companies, also known as corporate service providers are the core of the offshore industry, being the only entities allowed to engage in the incorporation and servicing of international companies.

3.3 International Insurance Act 1988

Regulates offshore insurance business carried on by international and foreign companies registered under the *International Companies Act 1988*. There are four (4) types of insurance licences i.e. general, long term, reinsurance and captive insurance business. Applications are made to the Registrar of International Insurance and the applicant company is required to produce evidence as to its financial standing, share ownership, police clearances and references. Registration fees vary depending upon the category of business carried on. Registration is renewable every 12 months on payment of the prescribed fee.

3.4 International and Limited Partnership Act 1998

The Act provides for exempt International Partnerships and Limited Partnerships. An international or limited partnership is defined as being registered under the Act and in respect of which all partners are at all times non-residents of Samoa; and the partnership does not carry on business or engage in a trade in Samoa; and one of the partners or limited partner of the limited partnership is either an international company, registered by a foreign company or a licensed trustee company. Every partnership is required to have a registered office in Samoa, which must be the office of a trustee company.

3.5 Segregated Fund International Companies Act 2000

Provides for a Trustee company to apply to the Registrar to either (1), incorporate a segregated fund international company or to register an existing international company as a segregated fund international company if authorised by its memorandum or (2), to register a segregated fund international company by way of continuance.

Applications must be lodged together with the Memorandum and Articles of the proposed company, Notice of registered office, the prescribed fee(s) and certificate by the trustee company confirming all requirements of the Act have been complied with.

3.6 Prevention & Suppression of Terrorism Act 2002

The Act provides for the criminalisation of various specific acts including terrorist bombing, hostage taking, attacks against Internationally Protected Persons, unlawful seizure of aircraft, violence at airports and seizure of ships. The financing of such terrorist acts is also an offence. The Act further provides for the freezing and forfeiture of funds and proceeds used for the financing of terrorism and allows for the arrest and extradition of suspected foreign terrorists. Additionally, the Act gives effect to Samoa's international treaty obligations regarding the prevention and suppression of terrorism.

3.7 SJFA Act 2005

The SIFA Act established an independent statutory body to regulate, administer and supervise international financial services within Samoa. The Act also prescribes the powers, functions and duties of the authority and formalized the role and functions of the Board by statute. Additionally it enables the centre to develop and grow as a one stop regulatory shop in light of international financial services and businesses available globally.

3.8 International Banking Act 2005

The Act governs the licensing of international and foreign companies registered under the *International Companies Act 1988* and other overseas companies who wish to carry on international banking business.

The Inspector of International Banks is appointed by the Minister responsible for the regulation and supervision of licensees. The licensing and disciplinary powers reside with the Minister. The Act provides a three (3) tiered licensing system for **A**, **B1** and **B2** class offshore banking licences. The categories of licences vary according to capital requirement and authorised scope of activities, for example whether deposits can be accepted from the public or whether the bank is a captive bank. Application is made through the Inspector of International Banks who inter alia shall require from the applicant particulars of its financial standing, a business plan, its ultimate beneficial ownership (together with references and financial reports), and verification that every director, controller or manager is a “fit and proper person” in terms of integrity, competency and soundness. All licensees are required as a condition of their licence to establish and maintain a physical presence in Samoa.

3.9 Money Laundering Prevention Act 2007

This Act provides for the prevention of Money Laundering and repeals the *Money Laundering Act 2000*. Further it implements international standards of best practice set by the Financial Action Task Force (FATF) to prevent Money Laundering. The Act defines “money laundering” as engaging whether directly or indirectly in any transaction that involves property which is the proceeds of crime or having reasonable grounds for believing the property represents proceeds of crime. A maximum period of seven (7) years and/or a fine not exceeding SAT\$1,000,000 (approximately USD4,300,000) is the penalty for an offence committed under this Act. The Act covers all “financial institutions” as defined in the Act to include not only banks and trust companies, but money transmission services, insurance companies, trust business providers, lawyers, accountants and investment business.

3.10 Mutual Assistance in Criminal Matters Act 2007

The Act facilitates the provision and obtaining of international assistance in criminal matters. Criminal matter refers to criminal investigations and criminal proceedings and includes a matter (whether arising under the laws of Samoa or another foreign state) relating to the forfeiture or confiscation of property for an offence or the restraining of dealings in property that may be forfeited or confiscated for an offence. The Act demonstrates the Authority and Samoa’s commitment to comply with international standards combatting international criminal activities.

3.11 Proceeds of Crime Act 2007

The Act defines “proceeds of crime” as any property wholly or partly derived or realized, whether directly or indirectly from a serious offence whether situated within or outside Samoa. The Act empowers enforcement agents of the Authority, Police Services, Money Laundering Prevention Authority, Financial Intelligence Unit, Customs Department and Central Bank to take the appropriate course of action where any property defined in the Act is believed to have been derived directly or indirectly from a serious offence within or outside Samoa. The offence is punishable by imprisonment for a maximum period of not less than five (5) years. Foreign restraining orders pertaining to the nature of criminal activities covered by the Act are obtained via the *Mutual Assistance in Criminal Matters Act 2007*.

3.12 Mutual Funds Act 2008

This Act provides for the licensing and supervision of International Mutual Funds and Collective Investment Schemes and for managers and administrators. The Registrar of International Mutual Funds who is appointed by SIFA is expressly given the mandate to supervise and regulate mutual funds. Three types of mutual funds are provided for under the Act namely, Professional, Private and Public Funds. Every application under the Act or a licence must be accompanied by a notice of the address of the applicant’s place of business and address for service, name and address of a person resident in Samoa authorised to represent the applicant and accept due process of service, and the address or any place of business that the applicant has outside of Samoa.

3.13 Electronic Transactions Act 2008

The Act facilitates the use of electronic transactions which involves alternatives to paper-based methods of communication, storage and authentication of information to conduct business. The Act defines ‘electronic’ as including electrical, digital, magnetic, optical, electromagnetic, biometric and photonic as well as “electronic record” which is defined as information generated, sent, received or stored by electronic means including electronic data interchange, electronic mail, telegram, telex or telecopy. This Act goes hand in hand with the Authority’s aspiration to implement its online registration system to ensure that it has the capacity to offer its services to all clients through electronic means through the use of the internet. The ultimate objective of this Act is to provide easy access, where clients from around the world can transact business with the centre at the push of a button.

The benefits of the legislation include:

- ⇒ Allowing the International Companies Registry to maintain its records in electronic form and accept registration of documents online or electronically.

- ⇒ Allowing the private sector i.e. Trustee Companies to maintain their company files and records electronically either at their offices in Samoa or overseas.
- ⇒ Allowing Trustee Companies to minimise costs of courier services from their parent companies in overseas locations using electronic means of communication.
- ⇒ Overcoming the geographical disadvantage of Samoa and providing a competitive advantage over other competing jurisdictions.

3.14 Special Purpose International Companies Act 2012

This new Act introduces the civil law concept of a foundation into our common law jurisdiction. Its enactment enables the creation of a new form of hybrid company which operates as a charitable trust in terms of its ownership but functions as a company in terms of its formation. The structure of this Act is based upon the *International Companies Act 1988* and follows its format. These special purpose types of companies are formed in the same way as an international company and thus are operated by a Board of Directors pursuant to a Memorandum of Association, Powers and Articles Of Association. Such companies can only be established, and must always be administered for the ultimate benefit of charity and must always be administered through a trustee company licensed in Samoa. Further, the trustee company must also always be in the possession of the crucial document that these companies must have which is the Founders Rights Certificate, a document which carries with it control rights similar to those of shareholders.

3.15 Trusts Act 2014

The *Trusts Act 2014* repeals the *International Trusts Act 1988*.

The new Act removes the mandatory requirement existing under the old legislation for the Registration of Trusts with the Authority.

The objectives of the new Act is to provide for family succession and protection, asset protection, continuity of control of business, avoidance of probate and much more.

A key feature of the new Act is the creation of what is called a Samoan Special Trust Arrangement (SISTA) which is similar to VISTA (the Virgin Islands Special Trusts Act) which is a means of enabling Trustees of a Trust to hold shares of a company and permit directors of the company to have day to day control without the Trustees of the Trust being liable or interfering.

The new Act has the distinction of being Samoa's first product that removes the ring-fencing and allows both residents and non-residents to use the Act.

4. *Activities of the Authority*

To ensure that its activities are in line not only with international standards but matching developments applying in other renowned offshore centres, the Authority continues with its active membership in various international fora as follows:

- ⇒ Founding member of the Corporate Registers Forum (CRF);
- ⇒ Member of the Group of International Insurance Centre Supervisors (GIICS);
- ⇒ Member of the International Tax Planning Association (ITPA);
- ⇒ Member of the Group of International Finance Centre Supervisors (GIFCS);

The Authority through its different Divisions ensures that it performs its respective functions in the utmost manner not only to efficiently serve its clientele but to keep abreast with developments in the international business arena.

4.1 *Registration Division*

The registration team facilitates a significant feature of the Authority's operations which is the provision of registration services for international companies and other corporate vehicles such as International trusts, segregated and mutual funds, the special purpose international company and others.



The application process for incorporation of an entity is made to the Registrar for Foreign Companies through a licensed trustee company. The incorporation fee is USD\$300 to be lodged together with the company's Memorandum and Articles of Association and the Notice of registered office. Fees for Trusts and other corporate entities varied. It is relatively simple to incorporate an international company which usually takes no more than a day.

The Registration team also deals with other services incidental to the entities already registered such as the provision of certificates of good standing, name changes, winding down of companies, share and capital increases and reduction, amalgamations and so forth.

The months of January and February are peak periods and the Registration division often faced with as many as one hundred (100) to two hundred (200) incorporations of new international companies in a single day. The gross number of international companies registered with SIFA for this financial year is four thousand, eight hundred and eighty one (4,881). Live international companies registered with the Authority as at June 2015 totalled to 36,545.

There are currently nine (9) registered trustee companies in Samoa working with the Authority.

The demanding pace and high standards expected from our clients have the Registration team constantly striving in delivering a professional service effectively and efficiently.

4.2 Accounts/Compliance Division

4.2.1 Accounts

The Accounts Section of the Authority is solely responsible for maintaining a proper and an adequate accounting system as well as maintaining a high standard of financial reporting. The financial statements are prepared on a monthly basis and in accordance with the International Financial Reporting Standards and the *Samoa International Finance Authority Act 2005*. The Accounts Section comprising of seven (7) staff members ensures that the financial transactions are adequately recorded, prepared and reported in an effective manner.



In light of its continuous efforts to improve its financial management information system (FMIS), the Management commissioned the development of a computerised FMIS and therefore engaged the services of our IT Consultant to develop the system internally. We are optimistic that the system will be fully developed and likely to GoLive by the 2016 financial year end.

The financial accounts for the 2014/2015 financial year had been audited by Betham & Co., as appointed by the Controller and Auditor General of the Audit Office under the newly enacted *Audit Act 2013*.

4.2.2 Compliance

The Accounts and Compliance section is also tasked with the role of the supervision of the entities licensed under the various international financial services legislation such as the trustee companies, international banks, international insurance and the international mutual fund companies. This is in line with one of SIFA's functions which is to monitor and supervise the conduct of international financial services provided in Samoa.

The Supervision Team comprising of nine (9) staff members ensures that all the licensed international financial institutions operating in and from within Samoa comply with the relevant laws and the international regulatory standards by providing supervisory oversight through regular off-site reviews and analysis of statutory financial information and reports filed by the licensed entities. The Supervisory Team also conducts on-site inspections which is crucial to the supervisory function of SIFA to verify reports and to check the implementation of their obligations stipulated in legislation.

The primary legislation governing the supervision of these entities include the *Samoa International Finance Authority Act 2005*, the *International Companies Act 1988*, the *Trustee Companies Act 1988*, the *International Banking Act 2005*, the *International Insurance Act 1988* and the *International Mutual Funds Act 2008*.

As of June 2014, the international financial institutions licenced and registered with SIFA are as follows:

Licensed Entities	No
Trustee Companies	10
International Banks	7
International Insurance Companies	4
International Fund Manager and/or Administrators	5
Private International Mutual Fund Companies	5
International Insurance Managers	2
Registered Company Auditors	16
Registered Official Liquidators	17

4.3 Administration Division

The Administration Division serves the Authority by providing general administrative support services, administering staff regulations, supervise, coordinate activities and manages staff resources and assets.



4.3.1 Staff Developments, Work experience/Part Time

During this financial year 2014/2015, there were seven (7) new additions to the overall number of staff which included two Junior Administration Officers, Senior Compliance Officer, IT Analyst, Legal Executive Officer, Tea Lady/Cleaner and Office Driver. The two Junior Registration Officers are NUS students whom the office took on board for work experience in November 2014 prior to their recruitment as permanent staff members in February 2015.

There were seven (7) staff members who were promoted during this financial year with three at the Administration Division, one (1) staff member within the Registration Division, Accounts/Compliance Division and the Marketing Division respectively. One staff member (Accountant) within the Accounts/Compliance Division was promoted to the Assistant Manager position.

The Authority continues to take two students from the National University of Samoa as part timers to assist the Registration Division with the renewal of international companies during its busy period from November 2014 – January 2015.

4.4 Marketing Division



Marketing's work focusses on three of the eight core functions of SIFA as follows: (a) to promote Samoa as a centre for international financial services; (b) to make recommendations for the creation and improvement of any facilities likely to enhance the attraction of Samoa as a centre for international financial services; and (c) to carry out research and to commission studies on the international business sector and related services.

On the promotional front, SIFA continued the implementation of its Marketing Plan with specific focus on soft marketing, one on one meetings in selected jurisdictions and conferences as well as capacity building under the leadership of its consultant drafter Mr Mark Lea of Lea and White International Advisors. Capacity building in terms of training for Professional Service Providers namely trustee companies, lawyers, accountants and SIFA senior staff saw the launch of the SIFA Training Course on International Estate Planning and Structuring taught by Mr Mark Lea with its first Phase in February 2015 and the final two Phases in the latter part of the year. The Training was divided into three Phases with the ultimate aim of providing professionals an introduction to international estate planning and solutions available under the new *Trusts Act 2014*.

The *Trusts Act 2014* was passed into law in April 2014 fulfilling one of SIFA's marketing objectives which is to have in place the most up to date and competitive wealth management solutions against modern user trends.

The Marketing Team and Mr Mark Lea participated at the STEP Conference in October in 2014 Hong Kong and subsequently follow up marketing meetings in Shanghai and Beijing in the same month which granted SIFA the opportunity to meet with potential clients and promote Samoa's new *Trusts Act* and suite of international financial services products.

In recognition of the significance of establishing a strong foot hold in the Chinese market, the Authority hired additional Mandarin language speaking staff to assist its marketing team.

On the sponsorship front, SIFA continued to contribute favourably to the local community through sports and community welfare initiatives. Governed by the Sponsorship Guideline and the

Community Services Guideline, requests were put through a qualifying process to vet proposals and processed according to SIFA's Sponsorship and Community Services Policies.

The sponsorship portfolio for this financial year included Samoa's elite sports teams and athletes (top 10 international ranking), projects or activities that have a national approach and national outreach as well as events of world-wide status. SIFA also maintained Naming rights to the Manu Samoa Sevens team, the Toa Samoa Rugby League team and the Samoa National Netball team.

Whilst sponsorship is oriented towards activities that offer SIFA exposure to desired target markets, the community services on the other hand contributed to initiatives that are often overlooked by the corporate community due to their marginal capacity to provide a return on investments due to the nature of their operations. For this financial year, SIFA's community services portfolio included mental health, children's ward literacy, youth spiritual health and victims of crime.

5. Developments

5.1 Professional Trainings, Workshops, Seminars and Conferences

The following training workshops and seminars were attended by our staff during the year:

Trainings and Workshops

- ⇒ Internet Intelligence training in London, United Kingdom – April 2015
- ⇒ Training Attachment with the Hong Kong Companies Registry Office – May 2015

Seminars and Conferences

- ⇒ 17th Asia Pacific Group (APG) Annual Meeting in Macao, China – July 2014
- ⇒ Global Forum Peer Review Group (PRG) Meeting in Paris, France – September 2014
- ⇒ Step Conference in Hong Kong – October 2014 and Promotional Visits to Shanghai and Beijing, China – October 2014
- ⇒ 7th Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes in Berlin, Germany – October 2014
- ⇒ Global Forum Peer Review Group Meeting in Paris, France – February 2015
- ⇒ Corporate Registers Forum (CRF) in Abu Dhabi, Dubai – March 2015
- ⇒ Group of International Insurance Centre Supervisors (GIICS) Asia Pacific Training Seminar in Hong Kong – April 2015
- ⇒ Group of International Finance Centre Supervisors (GIFCS) Plenary Meeting in London – April 2015
- ⇒ Group of International Insurance Supervisors (GIICS) Working Group and Annual General Meeting in London – June 2015
- ⇒ Step Conference in Israel – June 2015

5.2 Online Registration System

As part of the continuous development of the Authority's Online Registration System, mysifa.ws was deployed live in November 2012. This means that the system can now be accessed from any PC in the world with an internet connection. Improved security measures were also a big feature in this latest release which includes recent login activity review and improved password strength ratings.

The Online Registration System has the ability to keep a log of the registered company's history at the push of a button; for instance the system now keeps track of a company's share capital, par value, shows whether Chinese characters are used for a certain company's name, whether a certificate of good standing has been issued for the concerned company and whether a charge is registered with the concerned company. Other features include the revamping of the search engine whereby expanded results of words and characters are retrieved when carrying out name searches. It is the belief that having an Online Registration System is more efficient, timely and an accessible system not only for the Companies Registry but more importantly for the client compared to a manual and often labour intensive system.

5.3 Social Club

The Authority over the past years has lend its full support to the Social Club fund raising activities. These include various sporting activities and fundraising events in the promotion of healthy lifestyles. The Social club committee's role is to organise various activities to generate funds for the on-going operation of the club. Members are encouraged to participate in all activities in an endeavour to build up their self-esteem.

6. Samoa International Finance Authority Financial Performance

Audited Accounts Summary:

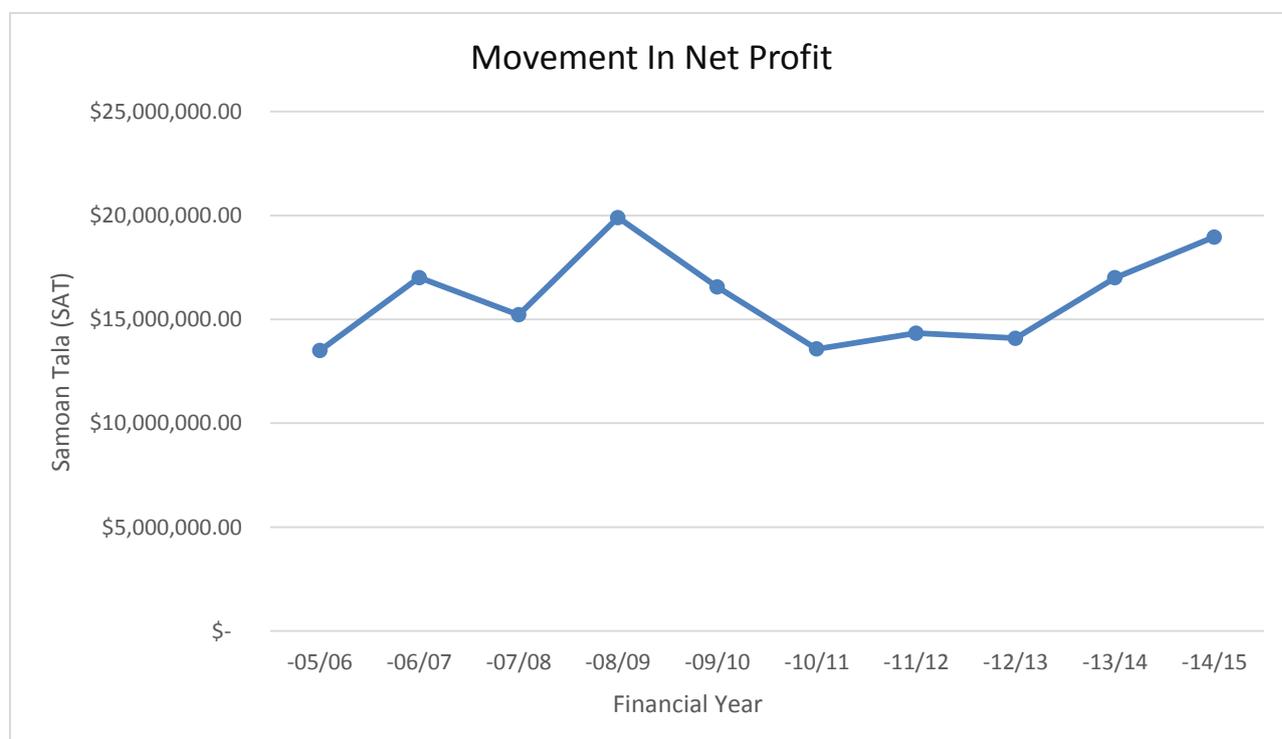
Financial position:

The Authority recorded an increase of about 15.56 percent in total assets from SAT55.37 million in the Prior Year to SAT63.99 million in this financial year. These assets are mainly cash and term investments which is about 80.5 percent.

Financial Performance:

The Authority recorded a Net Profit of SAT18.95 million this financial year which is an increase of about 11.50 percent compared to SAT17.00 million recorded in the prior year. Such increase is a result of the 10.77 percent increase in Revenue despite the increase of Operating Expenses by 9.29 percent from the prior year.

CHART 1:



FINANCIAL \$TATEMENTS

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**Samoa International Finance Authority
Directors Report
For the Year Ended 30 June 2015**

The Directors present their report together with the financial statements of Samoa International Finance Authority (“the Authority”) for the year ended 30 June 2015 as set out on the accompanying pages and the auditors' report thereon in accordance with the *Public Finance Management Act 2001* and the *Public Bodies and Accountability Act 2001* and the *Samoa International Finance Authority Act 2005* (SIFA Act).

Directors

The Directors of the Authority at the date of this report are:

Tuatagaloa Alfred Schwalger (Board Chairman)	
Aumua Ming Leung Wai	Maiava Atalina Ainuu-Enari
Tupa’imatuna Iulai Lavea	Reverend Afa Tyrell
Unasa Iulia Petelo	Leafa Donald Kerslake

The new board members were appointed on the 9th June 2014 for a term of three years.

Principal Activity

The principal activity of the Authority is to monitor and supervise the conduct of international financial services in Samoa. There has been no change in the principal activity of the Authority during the year or any of the classes of business that it operates in.

State of Affairs

In the opinion of the directors:

- (i) the accompanying Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows are drawn up so as to give a true and fair view of the operations and results of the Authority for the year ended 30 June 2015;
- (ii) the accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 30 June 2015.

Operating Results

The net profit for the year is \$18,957,209 tala (2014: net profit \$17,002,646 tala).

General Fund

During the year the Directors approved a payment of \$11,000,000 (2014: \$10,000,000) from the General Fund to the Government for the year to 30 June 2015 in accordance with the SIFA Act.

Dividends

For the 2015/2016 financial year, the directors shall pay into the Government Treasury Fund such amount, if any, as shall be determined by the Minister acting on the advice of the Authority.

Dated at Apia, this 27th day of October, 2015.

Signed in accordance with a resolution of the Directors.



DIRECTOR

**Samoa International Finance Authority
Management Responsibility Statement
For the Year Ended 30 June 2015**

The accompanying financial statements are the responsibility of management. The financial statements have been prepared according to International Financial Reporting Standards and include amounts based on management's best estimates and judgments.

Management has established and maintains accounting and internal control systems that include written policies and procedures. These systems are designed to provide reasonable assurance that our financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements, and that our assets are properly safeguarded.

The Board of Directors oversees management's responsibilities for financial reporting. The financial statements have been reviewed and approved by the board of directors on recommendation from management.

Our independent auditors (Betham & Co.), having been appointed by the Auditor General and Controller of the Independent State of Samoa, have audited our financial statements. The accompanying independent auditors' report outlines the scope of their examination and their opinion.


Alosamoa Erna Vaai-Aiono
Chief Executive Officer


Cheshire Malua
ACEO Accounts and Compliance

Dated: 27 October 2015

Telephone: 27751
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Website: www.audit.gov.ws



P.O. Box 13
APIA. SAMOA

Please address all correspondence to:
Controller and Chief Auditor

Audit Office

SAMOA INTERNATIONAL FINANCE AUTHORITY

We have audited the accompanying Financial Report of the Samoa International Finance Authority, which comprises the statement of financial position as at 30 June 2015, the Statements of Financial Performance, Cash Flows and Changes in Equity for the year then ended, a summary of significant accounting policies and other explanatory notes. The Accounting Firm of Betham & Co, Chartered Accountants and Business Advisors, assisted in this audit.

Responsibility for the Financial Report

The Board of Directors is responsible for the preparation and fair presentation of the Financial Report in accordance with International Financial Reporting Standards. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the Financial Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Financial Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Auditor's Opinion

In our opinion, the Financial Report of the Samoa International Finance Authority is in accordance with the *Samoa International Finance Authority Act 2005*, including:

1. Giving a true and fair view of the financial position of the Samoa International Finance Authority as at 30 June 2015, and of its financial performance, cash flows for the year ended; and
2. Complying with International Financial Reporting Standards.

Apia, Samoa
27 October 2015


Fuaimaono Papali'i C.G. Afele
CONTROLLER AND AUDITOR-GENERAL

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	2015 WS\$	2014 WS\$
ASSETS			
Non-current assets			
Property plant and equipment	4	7,095,978	6,393,347
Intangible Assets	5	130,390	0
Receivables and prepayments	6	3,988,816	1,485,749
Investments	7	9,590,000	1,450,000
		20,805,184	9,875,096
Current assets			
Cash and cash equivalents	8	41,927,833	42,343,924
Investments	7	-	2,000,000
Receivables and prepayments	6	1,264,079	1,158,920
		43,191,912	45,502,844
TOTAL ASSETS		63,997,096	55,377,940
EQUITY AND LIABILITIES			
Equity			
General Fund		62,644,865	54,687,656
Total Equity		62,644,865	54,687,656
Current Liabilities			
Payables and accruals	9	1,277,060	615,699
Provisions	10	75,171	74,585
Total liabilities		1,352,231	690,284
TOTAL EQUITY AND LIABILITIES		63,997,096	55,377,940

The accompanying notes form an integral part of the above financial statement.

On behalf of the Board and in accordance with the Board resolution dated 27th October 2015.


Director


Director

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 WS\$	2014 WS\$
INCOME			
Incorporation and annual Fees		23,702,561	21,622,773
License fees		316,145	289,308
Other income and gains		1,200,026	899,396
Interest income		2,231,299	2,425,424
Exchange gain		649,273	130,590
		28,099,304	25,367,491
EXPENSES			
Audit fees		23,916	15,000
Depreciation	4	260,459	283,058
Communication		79,139	71,341
Directors fees		20,075	16,339
Printing and stationery		171,809	153,782
Promotions	11	5,011,919	4,785,873
Occupational Costs		553,584	467,766
Staff Costs		1,838,519	1,653,933
Others		1,182,675	917,753
		9,142,095	8,364,845
Net profit for the year		18,957,209	17,002,646

**SAMOA INTERNAL FINANCE AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 2015**

	2015 WS\$	2014 WS\$
Balance in General Fund at beginning of year	54,687,656	47,685,010
Add net profit for year	18,957,209	17,002,646
Less Payments to the Government of Samoa	(11,000,000)	(10,000,000)
Balance in General Fund at end of year	62,644,865	54,687,656

The accompanying notes form an integral part of the above financial statement.

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

2014	Note	2015	
WSS\$		WSS\$	
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees and license revenues		24,711,606	22,500,786
Cash paid to employees		(1,716,390)	(1,590,800)
Cash paid for rent and maintenance		(312,999)	(286,928)
Cash paid for promotional expenses		(4,498,760)	(4,179,635)
Cash paid for other expenses		(4,812,323)	(1,905,086)
Net advanced deposits		141,739	20,862
Net cash generated from operating activities		13,512,873	14,559,201
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,60,898	2,209,379
Trust Funds Investment		410,633	-
Gain on Sale of Fixed Asset		57,126	-
Acquisition of fixed assets		(606,894)	(237,435)
Investment in UTOS		(6,000,000)	-
Dividend and interest income from UTOS investment		300,000	205,000
Net cash generated/(used) in investing activities		(3,578,237)	2,176,944
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment to the Government of Samoa		(11,000,000)	(10,000,000)
Net cash generate from financing activities		(11,000,000)	(10,000,000)
Net Increase / Decrease in Cash		(1,065,364)	6,736,145
Cash and cash equivalent as at beginning of year		42,343,924	35,476,499
Plus: Effect of Exchange Differences		649,273	131,280
Cash and Cash Equivalents at end of year	8	41,927,833	42,343,924

The accompanying notes form an integral part of the above financial statement.

SAMOA INTERNATIONAL FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2015

1. General information

The Samoa International Finance Authority (Authority) is established under the *Samoa International Finance Act 2005*. The address of its main office and principal place of business is at Level 6 of the Development Bank of Samoa Building. The Authority administers and supervises the registration of companies, trusts and the licensing of banks, insurance, mutual funds and trustee companies under various international financial services legislation.

2. Summary of significant accounting policies

(a) Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and the laws of Samoa, in particular the *Samoa International Finance Authority Act 2005*.

The accounts have been prepared on the basis of historical costs, modified by the revaluation of certain assets and liabilities as outlined below.

Set out below is a summary of the significant accounting policies adopted by the Authority and in particular the accounting policy adopted where there exists a choice between two or more acceptable policies.

All amounts are expressed in Samoan tala which is also the Authority's functional currency.

(b) Comparative amounts

To ensure consistency with the current year, comparative figures have been reclassified where appropriate.

(c) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(d) Property, Plant and Equipment

Depreciation is provided on all property, plant and equipment so as to write off the assets over their estimated economic lives. The straight line method of depreciation has been used. The main categories of property, plant and equipment and their respective economic lives are:

Furniture and Fittings	10 years
Office Equipment	5 years
Motor Vehicle	5 years
Leasehold improvements	10 years
Computer software	5 years
Land	not depreciated

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash at bank and bank term deposits which have an insignificant risk of change in value upon drawdown.

(f) Impairment losses

The Authority assesses at each balance date whether there is any objective evidence that any asset is impaired and appropriate action are taken to write off any impairment losses assessed.

(g) Revenue recognition

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due and or associated costs.

The Authority's revenue comprises of incorporation, annual and licensing fees. Revenue from performance of these services is recognised in the accounting period in which the

incorporation documents are issued and annual are charged and licensing fees received. Payments of fees in advance are deferred in the balance sheet and recognised in the period to which they apply.

(h) Employee entitlements

The provisions for employee entitlements to annual leave and long service leave are accrued at current pay rates in respect of employees' services up to the balance date.

(i) Taxation

The Authority is exempt from income tax under section 23 of *Samoa International Finance Authority Act 2005*.

(j) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(k) Financial assets

The Authority classifies its financial assets as loans and receivables and at fair value through profit and loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. These financial assets include bank accounts, term deposits and accounts receivable. Loans and Receivables comprise loans to employees, are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading and are initially recognised at fair value whilst transaction costs are expensed. They are subsequently carried at fair value. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit loss' category are presented in the income statement within 'Other income and other gains' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Authority's right to receive payments is established.

(I) Leases

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

3. Information about key sources of estimation uncertainty and judgements

3.1 Critical accounting estimates and assumptions

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provisions – doubtful debts and employee benefits

Provisions are measured at the value management best estimates an expenditure to be incurred at, to settle a present obligation at balance date. Market situations are often used to estimate provisions. Changes in market situations will create a difference between provisions with the recorded figures. Whilst the fact remains that uncertain issues such as bad debts exist, management as a benchmark makes adequate provisions based on past record and the foreseeable future. The provisions are aligned once the final outcome is known at balance date.

(b) Depreciation

On acquiring an asset, management determines the most reasonable length of time it expects the Authority to maintain that asset with reference to characteristics of similar assets or classes of assets held by the Authority presently or in the past. Where there is no reference available to assets or classes of assets held at present or in the past, reference is made to industry benchmarks.

Each year management assesses the carrying value of assets to determine whether they are impaired. Appropriate revisions to policies are made, if necessary, or any

significant impairment losses are accounted for in the financial statements as corrective measures. Appropriate disclosures would normally follow.

3.2 Critical judgements in applying the entity's accounting policy

In applying its accounting policies, the Authority is not aware of any significant risk of material adjustment to the carrying amount of assets and liabilities that may change within the next financial year.

4. Property, plant and equipment

2015

Cost	30-Jun-14	Additions	Disposals	30-Jun-15
Land	6,414,655	-	-	6,414,655
Building – Work In Progress	-	58,500	(58,500)	-
Furniture and fittings	448,30,660	30,660	-	479,056
Office equipment	1,345,154	182,629	(537,675)	990,108
Motor vehicles	253,000	262,000	(153,500)	361,500
Lease improvements	156,363	-	-	156,363
	8,617,568	533,789	(749,675)	8,401,682

Accumulated depreciation	30-Jun-14	Depreciation	Disposals	30-Jun-15
Furniture and fittings	346,495	22,857	-	369,352
Office equipment	976,045	142,400	(447,435)	671,010
Motor vehicles	246,228	47,525	(153,500)	140,253
Lease improvements	109,453	15,636	-	125,089
	1,678,221	228,418	(600,935)	1,305,704

Net book value	6,939,347			7,095,978
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2014

Cost	30-Jun-13	Additions	Disposals	30-Jun-14
Land	6,414,655	-	-	6,414,655
Furniture and fittings	426,711	25,425	(3,740)	448,396
Office equipment	1,175,380	212,010	(42,236)	1,345,154
Motor vehicles	253,000	-	-	253,000
Lease improvements	156,363	-	-	153,363
	8,426,109	237,435	(45,976)	8,617,568

Accumulated depreciation	30-Jun-13	Depreciation	Disposals	30-Jun-14
Furniture and Fittings	310,532	38,994	(3,031)	346,495
Office equipment	835,915	177,827	(37,697)	976,045
Motor vehicles	195,628	50,600	-	246,228
Lease improvements	93,817	15,636	-	109,453
	1,435,892	283,058	(40,728)	1,678,221

Net book value	6,990,217			6,939,347
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5. Intangible Asset

2015

Cost	Cost	Additions	Disposals	30 Jun 15
Computer Software	414,230	73,106	-	487,336
	414,230	73,106	-	487,336

Accumulated depreciation	Balance	Depreciation	Disposals	30-June-15
Computer Software	324,905	32,041	-	356,946
	324,905	32,041	-	356,946

Net book value	89,325			130,390
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6. Receivables and prepayments

2015

2014

Non - Current

Employee loans – secured	3,988,816	1,485,749
	3,988,816	1,485,749

Current

Employee loans – secured	318,715	241,977
Less provision for doubtful loan	-	-
	318,715	241,977
Trust Account	9,063	-
Interest receivables	571,665	601,265
Prepaid expenses	364,636	315,679
	1,264,079	1,158,920

Employee loans are interest bearing secured over tangible assets of the employee and generally for terms of 2 to 20 years.

These loans are expected to mature as follows:

Not later than 12 months	10,473	10,004
Later than 1 year but not later than 5 years	337,033	255,818
Later than 5 years	3,960,025	1,461,903
	4,307,5361	1,727,726

7. Investment

2015

2014

Investment in UTOS at fair value at beginning	1,450,000	1,430,000
Add: Movement in fair value at balance date	140,000	20,000
Investment in UTOS at fair value at end	1,590,000	1,450,000

UTOS investment – convertible notes	4,000,000	2,000,000
UTOS investment – promissory notes	4,000,000	-
	9,590,000	3,450,000

SIFA purchased \$1,000,000 worth of units from UTOS at \$1 a unit in April 2011. These units were valued at \$1.45 per unit as at 30 June 2014, and a \$1.59 per unit as at 30 June 2015 based on the publicised unit price by UTOS at 30 June 2015.

During the year, SIFA placed new investments with UTOS of \$4,000,000 in promissory note at 6% interest per annum for three (3) years and an additional \$2,000,000 in convertible notes at 6% interest per annum for two (2) years.

8. Cash and cash equivalents

2015

2014

Cash and bank balances	5,150,768	2,796,251
Fixed deposits	36,777,065	39,547,673
	41,927,833	42,343,924

Cash on hand are not significant and bank balances are held in local commercial banks. Fixed deposits are also with the local commercial banks at terms ranging from 3 to 12 months at interest rates of between 4.00% and 4.85%pa. Fixed deposits are used to secure client deposits.

9. Payables and accruals

2015

2014

Client deposits	608,219	466,480
Accrued expenses	269,897	149,220
Trust Fund	398,944	-
	1,277,060	615,699

Client deposits are funds deposited by the trustee companies to pay for incorporation/renewal fees of their clients when due. Trust funds are funds from defunct companies which are held by SIFA pursuant to section 199 of the International Companies Act 1988 for a period of up to two (2) years after which will be transferred to the Ministry of Finance to be dealt with under the Public Finance Management Act 2001

10. PROVISIONS

2015

2014

Annual leave	75,171	61,586
Board members retirement	-	13,000
	75,171	74,585

Movement in provisions:	Annual leave	Annual leave
Balance at the beginning of year	61,586	64,033
Paid out during the year	-	-
Utilised during the year	(25,673)	(17,961)
Additional charged to income	39,258	15,514
	75,171	61,586

	Board members retirement	Boar members retirement
Balance at the beginning of year	13,000	55,534
Paid out during the year	-	(42,535)
Write off provision	(13,000)	-
	-	13,000

11. PROMOTIONS

	2015	2014
Promotions – other	4,546,195	4,221,397
Seminars and conferences	363,445	451,819
Members	102,279	112,656
	5,011,919	4,785,873

Promotions include sponsorship costs for national sporting teams and road shows for the promotion of the Samoa International Finance Authority outside of Samoa.

12. Distribution to Government

	2015	2014
Commitment to Government of Samoa	11,000,000	10,000,000

Total contribution of \$11,000,000 was committed to Government for the Current Financial Year 2014/2015 under section 18 of the *Samoa International Finance Authority Act 2005*.

13. Contingent liabilities

The Authority is currently a defendant in litigation currently before the Supreme Court of Samoa. The court proceedings are yet to be completed and any costs or liability at the date of this financial report are uncertain (2013/2014:nil).

14. Operating lease commitments

The Samoa International Finance Authority is leasing office space from the Development Bank of Samoa at a monthly rental of \$18,128.03 for an initial period of five years, with an option of renewal after that date. This covers rent for Levels 3 and 6 as well as the Car park. The Authority also leases the first floor level of the SNPF Premises at Vaitele as an offsite office in January 2015 at a total monthly rental of \$5,271.60 for a period of five (5) years, with an option of renewal after that date.

Operating lease payable is as follows:

	2015	2014
Not later than 1 year	280,796	217,536
	280,796	217,536

15. Key management personnel disclosures

Compensation of key management personnel:

Remuneration including allowances	743,703	682,329
Director fees and allowances	33,075	16,339

The remuneration of key management personnel are determined by Cabinet and the Board. Key management personnel include the CEO, Assistant CEOs (2), Managers Marketing, Administration, Accounts/Compliance and Legal/Registration.

16. Financial instruments

(a) Credit Risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject SIFA to credit risk principally consist of bank deposits and staff receivables.

SIFA manages its exposure to credit risk by investing in financial institutions with ratings equal or higher than its own and by taking security for advances to staff.

Maximum exposure to credit risk at balance date are: **2015** **2014**

Bank balances	41,927,833	42,343,924
Interest accrued	571,666	601,265
Staff loans	4,307,531	1,727,726

(b) Currency risk

SIFA has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. The foreign currencies in which SIFA primarily transact are primarily US dollars. It is not SIFA policy to hedge against these exposures.

At balance date SIFA has the following exposure to the **US** dollar:

<i>Financial assets</i>	2015	2014
Cash and cash equivalents	147,993	1,105,789
<i>Financial liabilities</i>		
Customer deposits	(608,219)	(466,480)
Net Exposure	(460,226)	639,309

The following sensitivity is based on the foreign currency risk exposures in existence at the balance date and the effect on net profit:

	2015	2014
	Higher/(Lower)	Higher/(Lower)
WS\$/USD + 5%	22,918	(31,965)
WS\$/USD – 5%	(22,918)	31,965

The Following Rates were used for conversion of USD Balances at:

30 June 2015	-	0.3985
30 June 2014	-	0.4498

(c) Interest rate risk

Fair value interest risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The Authority's loans to staff are generally at fixed rates and therefore do not pose any significant interest rate risk.

Cash flow interest rate risk is the potential for a change in interest rates to change interest earnings. The Authority manages this risk in relation to its fixed deposits by negotiating with all four commercial banks for the most favourable rates available.

17. Approval of financial statement

The financial statements were approved by the Board and authorised for issue on 27th of October, 2015.